



Association for Local Telecommunications Services

August 22, 1997

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: CC Docket 96-45, Nominations for Membership on the Universal Service Administrator
Advisory Committee.

Dear Mr. Caton:

On behalf of the Association for Local Telecommunications Services, Inc. (ALTS), the national trade association representing competitive local exchange carriers (CLECS), it is my privilege to submit the name of Cliff Arellano, founder of Communications Products, Inc. and ALTS' Treasurer, to represent the competitive local exchange carrier industry on the FCC's Universal Service Administrator Advisory Committee.

Mr. Arellano has been involved as an entrepreneur in the competitive local telecommunications industry since 1983. He has been responsible for forming several companies, all of which have operated in small- to medium-sized markets. He has also been very active in issues surrounding K-12 education and in his overall community. Mr. Arellano is keenly aware of the issues surrounding consideration of a new administrator and is dedicated to actively participating on the Advisory Committee. Mr. Arellano thus has the requisite combination of industry experience and business acumen necessary to evaluate and recommend a neutral, third-party administrator of the universal service support mechanisms. A complete description of Mr. Arellano's background, company and experience is attached.

ALTS is dedicated to supporting the Commission's efforts to bringing full and fair competition to all sections of the market, while providing appropriate support to those individuals and services designated to receive that support. We have instructed Mr. Arellano to ensure those goals are met when considering a new administrator for universal service. Kindly contact the undersigned if you have additional questions regarding this nomination.

Sincerely,

Heather Burnett Gold
President

attachments

cc: Sheryl Todd, Universal Service Branch
ITS

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Mr. Cliff Arellano
Nominee to the USAAC

Background information

THE FOUNDER

Cliff Arellano is the President and Owner of Communications Products, Inc. (CPI), a systems integration company located in Indianapolis, Indiana. In 1983, Cliff founded CPI to resell Northern Telecom Private Branch Exchange telephone systems to local businesses. During the same time, AT&T was divested of local phone service. Cliff recognized this as a watershed event in the telecommunications industry that would bring competition and opportunity. Cliff, one of a handful of elite entrepreneurs in the telecommunications industry, had the vision and the courage to form companies that would provide competitive access to local and long distance telecommunications services. In addition to CPI, Cliff took a risk and incorporated Ohio Local Interconnection Network Exchange Company, dba Ohio LINX and co-founded Indiana Digital Access (IDA). While others in the industry were using conventional copper wire technology, Cliff and CPI's Engineers used state of the art fiber optic cable to engineer fiber optic communications networks. IDA and Ohio LINX would operate these networks around three major metropolitan cities: Indianapolis, Indiana, Cleveland, Ohio, and Dayton, Ohio.

Cliff's vision of competition in the telecommunications industry and his entrepreneurial passion quickly attracted the attention of Time Warner and AT&T, who provided the financial backing for IDA and Ohio LINX, respectively. Cliff sold both companies but retains an ownership interest in Ohio LINX which is owned by IntelCom Group (ICG) of Denver. Ohio LINX has since expanded to service other cities in Ohio and surrounding states. Today, in addition to CPI, Cliff is co-owner of Diversified Communications, Inc., a company founded to create opportunities and further take advantage of the Telecommunications Act of 1996.

In addition to forming these companies, Cliff satisfied a need to create a national industry association of local telecommunications companies to help battle the established market. As one of the founders and current treasurer of the Association for Local Telecommunications Services (ALTS) created in 1987, Cliff has been and continues to be a strong advocate of telecommunication deregulation. He has presented his ideas to the FCC, the Department of Justice, and the U.S. House and Senate proposing deregulation of local telecommunications.

Cliff is on the K-12 School Board of Directors of the Indiana Conference of the Seventh-day Adventists Church. He teaches a high school class and counsels teenagers on a one to one basis. In 1987, he started CIACO a non-profit organization providing tuition grants and financial assistance to those in need. As a member of the Hispanic Chamber of Commerce, CPI won the Hispanic Business of the Year in 1995.

TYPE OF BUSINESS AND CURRENT ACTIVITY

CPI began as a telecommunications interconnection company that engineered and sold telecommunication solutions to the Regional Bell operating companies. Cliff foresaw opportunities created by the rapid advancements in communications and computer technologies that allowed the merging of data and digital voice communications. The break up of the AT&T monopoly made it possible to compete; however, entry into this market was difficult because CPI's initial customers would quickly become the competition. As competitors, the Regional Bells were well established and securely capitalized. As quickly as possible, CPI would have to find new markets. A complex strategy, state-of-the-art engineering, advanced technology, and large amounts of capital would be required to grow this newly created niche market.

Cliff's inspiration came from his knowledge of deregulation and his work with the Regional Bells. He knew that competitive network access would provide two opportunities; to design communications networks and secondly, to install and operate those networks. Cliff created an innovative approach and contacted a company which maintained a satellite communications farm. He envisioned establishing a fiber optic link and offering large companies access to satellite communications. CPI successfully engineered and installed the fiber optic link and the companies benefited. Knowing that other companies could benefit from similar private links, Cliff implemented phase two of his strategy.

He partnered with Time Warner to form Indiana Digital Access (IDA). The terms of the partnership included partial ownership if he could attain certain sales goals over several years. In the first year, he generated revenues that maximized his ownership potential. As a result of his success with IDA and his exposure with ALTS, Cliff was approached by AT&T with \$6 million in funding for the creation of Ohio LINX. CPI's specialization in customized business solutions, integrating information and telecommunications systems, and its engineering capabilities made it the logical choice to engineer the fiber optic communications networks for Cliff's two other companies, Indiana Digital Access and Ohio LINX.

Without Cliff's vision and innovative strategy, CPI would not be the company it is today. In 1992, CPI began offering products and services to federal, state and local government. Since 1993, CPI's staff has grown by 400% and its revenue has ballooned by 1200%. Cliff leveraged CPI's engineering capabilities, deregulation, and the demand for lower priced, competitive access to communications networks to grow not one, but three companies.

FUTURE PLANS

With 14 years of involvement in the deregulation of the telecommunications industry, the Telecommunications Act of 1996, and the ongoing advancements in computer and telecommunications technologies, CPI plans to use its engineering capabilities to exploit the growth in personal computer based telephone systems. Computer telephony integration brings voice and data communications together into a single user device - a PC or a telephone. CPI's engineering expertise and knowledge of computers uniquely positions the company with a competitive advantage as the two technologies converge. CPI has engineered and installed numerous wide area computer networks, some of which support 20,000 workstations and over 350 network file servers. Similarly, CPI has installed a variety of telephone systems ranging in size from just a few phones to thousands of lines.

Communications Products, Inc., has applied for and has been awarded a Certificate of Territorial Authority to resell the bundled services of the Incumbent Local Exchange Carrier (ILEC) within the state of Indiana. CPI has also filed for a facilities-based Certificate of Territorial Authority to allow unbundled services of the Incumbent Local Exchange Carrier (ILEC). These certificates allow CPI to capitalize on the deregulation/competition provided for in the Telecommunications Act of 1996. These authorizations will allow CPI to be classified as a Competitive Local Exchange Carrier (CLEC) in the near future. Cliff sees clients looking for companies that can handle the installation, service and engineering of telephone systems, structured cabling (within and between buildings) and high speed connectivity equipment in the evolving telecommunications field.

To this end Cliff has positioned CPI to compete primarily in areas where competition is the weakest. Many people did not understand why Cliff started businesses servicing smaller cities like Indianapolis, Cleveland, and Dayton. As it turned out, the lack of competition gave Cliff a strategic entry to areas where there are now several competitors.

CULTURE/VALUES/INCENTIVES

Due to Cliff's entrepreneurial nature, he has always found a great deal of satisfaction in competing and winning against the larger companies. He finds even more satisfaction in helping individuals find opportunities to grow, learn and expand whether it be employees, family or friends. This drive to provide for others has lead Cliff to become involved in and even start his own community projects. Rather than just funding organizations, Cliff has devoted a great deal of time and effort in helping individuals obtain rewarding and happy lives.

Cliff is on the K-12 School Board of Directors of the Indiana Conference of the Seventh-day Adventist Church. In his local Adventist Church, he teaches a high school class and counsels teenagers on a one to one basis. This commitment to helping individuals and families has led him to help church members with undertakings like moving, roof and home repair, finding new jobs and housing, and providing clothes for several families. He has also visited people in both prison and the hospital. Cliff has helped fund a church member who eventually became a student missionary and is in the process of assisting another member through medical school.

In addition, Cliff is on the Board of Directors of the Hispanic Chamber of Commerce. His participation in many Hispanic Chamber activities has led to the increased awareness of the value of the Hispanic Community. CPI won the Hispanic Business of the Year in 1995. Cliff was featured on the cover of the Hispanic Business Inc. magazine in the July/August 1997 issue.

Cliff's social responsibilities have included setting aside funds to help pay for college tuition and books, providing large personal loans to individuals which are rarely paid back, providing low cost housing rentals, and even starting CIACO, a not-for-profit organization. CIACO helps pay for school bills and assistance for those with financial difficulties. Not only did CIACO replace a faulty furnace for one family, but Cliff personally paid for a kerosene heater for the family to use while the new furnace was being installed. His organization has put one student through the Architectural Program at Ball State University and is currently assisting two others with partial tuition and book fees for college.

Cliff has used his skills and experiences to help his community overcome problems not only by funding charitable efforts, but by connecting with individuals and trying to help shape their lives. This has taken on a variety of forms including, coaching little league softball, taking kids on camping/caving trips, and nature walks, as well as, counseling and acting as a surrogate father for numerous young men and women.